

Response to Board of Trustees Questions Related to the
PMO
Based on E-mail Below Dated 2/6/2019

Hi David -

I have rec'd some questions from board members related to the PMO and need some assistance in responding:

1. Can you send back-up data and an explanation of why the CFE claims there's a \$1.8m over budget issue? Also when did he know about it, who did he spoke to about it and why was it never presented to the board until he mentioned it at FMPOC?

The data is based on actual financial performance expenditures for the first year of operations (period of Qtr. 4, 2017 thru Qtr. 3, 2018). The \$1.8 million constitutes what is contractually allowed based on a 3.5% performance criteria of board approved "work-in-place" (ie, contracts, task order agreements, etc.). District Staff became aware of this issue at the time that KPMG began their performance audit (approximately April/May 2018). At that time, staff instructed KPMG to audit Jacobs contract obligations and performance. The auditors made the following finding:

Observation 1: Jacobs did not complete all contractual deliverables on time, and some deliverables remain in-progress. Staff spoke to me about the nature of a potential issue, but it was not until KPMG conducted their final analysis that the issue was verified. The reason that it was not presented to the Board earlier is because the review and approval protocol dictates that it needs to be presented to FMPOC first and then to the Board for final approval. This approval will take place at today's Board meeting (2/6/19).

2. What is the year 1 (PMO contract) project approval amount and the actual payments/expense for Jacobs as the PMO for the Bond program?

The project approval amount for the first year of the Jacobs contract is \$334.58 million (based on actual “work-in-place”). The actual payments/expense for Jacobs as the PMO for the Bond program is \$13.54 million. Please note, the Jacobs billing allowance is 3.5% of “work-in-place,” which amounts to \$11.71 million. The difference is \$1.83 million.

3. Can you explain to me the performance based aspect of the PMO contract?

The performance based criteria of the Jacobs contract stipulates that they can only bill for a maximum of 3.5% of actual work-in-place. It is not based on proposed staffing plans or forecasts submitted by Jacobs. This is a critical contractual distinction that needs to be understood fully. Furthermore, in order for the program to be successful, staff will monitor performance metrics on a monthly basis to ensure that the provisions of the contract are met.

Thanks, FCR